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No. 82-340

In the Supreme Court of the United States

October Term, 1982

WILLIAM GLADSTONE and RODNEY LANG, doing business as ARTHUR YOUNG & CO., and HARLEY-DAVIDSON MOTOR CO., INC.,

Petitioners,

v.

M. BRYCE & ASSOCIATES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the Court of Appeals of Wisconsin, District I

RESPONDENT'S BRIEF IN OPPOSITION

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RESPONDENT'S BRIEF IN OPPOSITION

The respondent, M. Bryce & Associates, Inc., respectfully requests that this Court deny the petition for writ of certiorari, seeking review of the decision of the Court of Appeals of Wisconsin, Division I, as reported at 107 Wis.2d 241 and 319 N.W. 2d 907.

REASONS WHY WRIT SHOULD BE DENIED

The respondent Mr. Bryce & Associates, Inc. (MBA hereafter) believes that the petition for a writ of certiorari should be denied for the following reasons:

1. The controversy between the parties is moot because the judgment in this case was based on two alternative causes of action — misappropriation of trade secrets as well as breach of contract — yet petitioners have sought review in this Court, as well as in the Wisconsin Court of Appeals, only on the misappropriation cause of action and not on the common law breach of contract cause of action.

2. The petition seeks an answer to the question of whether copyrighted material can be subject to common law protection as a trade secret, yet the question presented to the jury and to the Court of Appeals was different: whether a trade secret exists in the combination of written material, which *arguendo* might be subject to federal copyright protection, and of orally presented material, which is not subject to protection under the federal copyright laws.

I. The controversy is moot because the judgment is sustained on a separate nonfederal ground.

The case went to the jury on two alternative but not mutually exclusive causes of action. The first was a common law cause of action for breach of contract with the question being whether petitioners had breached a written contract with MBA not to use proprietary information without compensation to MBA. The jury found that they had. (Special Verdict, Questions 4-6, App. D-4, 5.) The second cause of action was in tort for misappropriation

of trade secrets with the question being whether MBA's methodology for information systems design, as disclosed partly in writing via three PRIDE manuals and partly via an oral presentation to petitioners, constituted a trade secret, and if so, whether the petitioners misappropriated such trade secret. (Special Verdict Questions 1-3, App. D-4.) The jury found that MBA had a trade secret which was comprised of the three PRIDE manuals together with Mr. Bryce's oral presentation, and that petitioners had used the trade secret without a right to do so. (App. D-4.)

In the Court of Appeals petitioners challenged the jury verdict on the trade secret cause of action but did not challenge the verdict on the alternative breach of contract cause of action. The same is true in the present petition for a writ of certiorari.

Since the adjudication of the merits of the trade secret cause of action cannot change the ultimate result that, in any event, petitioners must pay $10,000.00 plus interest and costs to MBA under the alternative breach of contract cause of action, any decision by this Court will be merely advisory to future litigants and of no consequence upon the controversy between the parties. If this Court should decide that because one portion of the trade secret is subject to copyright protection MBA is not entitled to recover the $10,000.00 under the cause of action for trade secret misappropriation, that decision will not change the judgment that, in any event, MBA is entitled to the same $10,000.00 because petitioners breached a contract.

Since the State Court judgment was sustained, and indeed not challenged, on independent nonfederal grounds, the controversy between the parties is moot and thus not

meritorious of review by this Court. The case in point is *Herb v. Pitcairn*, 324 U.S. 117, 125-126 (1945).

> "This Court from the time of its foundation has adhered to the principle that it will not review judgments of state courts that rest on adequate and independent state grounds. [citations omitted] The reason is so obvious that it has rarely been thought to warrant statement. It is found in the partitioning of power between the state and federal judicial systems and in the limitations of our own jurisdiction. Our only power over state judgments is to correct them to the extent that they incorrectly adjudge federal rights. And our power is to correct wrong judgments, not to revise opinions. We are not permitted to render an advisory opinion, and if the same judgment would be rendered by the state court after we corrected its views of federal laws, our review could amount to nothing more than an advisory opinion."

Petitioner's promise to compensate MBA if they in fact used the material disclosed to them does not involve a federal question. *Aronson v. Quick Point Pencil Company*, 440 U.S. 257 (1979).

II. The question on which petitioners seek review was not presented in the lower courts.

The petitioners have overlooked the fact that the trade secret cause of action was submitted to the jury on the question of whether MBA had a trade secret in "the three volumes of 'PRIDE' *together* with M. Bryce's [oral] presentation". (App. D-4) The Court of Appeals expressly so defined the issue raised before it. (App. D-6)

In seeking the writ of certiorari petitioners present a different question: whether the Supremacy Clause permits a state trade secret law to apply to a published work protected by federal copyright laws. However, petitioners

forget that the jury found the existence of a trade secret in the *combination* of written material, which is capable of copyright protection, *and* orally presented material, which as a matter of law has never been subject to copyright protection The basic flaw in petitioner's argument is the assumption, and a fundamentally erroneous one, that the trade secret was contained in a published federally copyrighted work whereas the record clearly shows that the jury and the Court of Appeals found the trade secret to exist in the *combination* of written material, which arguendo might be protected under federal copyright laws, and the oral presentation of Mr. Bryce which clearly was not subject to protection under the federal copyright laws.

This issue was presented to the jury via Special Verdict Question One, and this issue was dealt with by the Wisconsin Court of Appeals as follows:

> "Since copyright protection covers only the form of expression, its value to MBA in protecting MBA's interests would be limited. Only MBA's PRIDE manuals and forms would be protected but not MBA's methodology which is embodied also in the oral presentation by Bryce. We conclude that such a pre-emption of trade secret law by federal copyright law incapable of providing equivalent protection would disrupt an area of property protection which has been found to be of great value."
>
> (App. D-17)

The question of whether the entire trade secret was copyrighted was neither presented to the jury nor to the Wisconsin Court of Appeals. Since that question was never part of the controversy between the parties, it should not be subject to *de novo* adjudication here in the Supreme Court.

The respondent has not cited precedent because the lack of merit of petitioners' argument seems self-evident.

Rule 28.1 Statement.

The respondent is a privately held corporation which has no parent, affiliated or subsidiary corporations.

CONCLUSION

For the reasons stated a denial of the petition is clearly warranted.

Dated: September 27, 1982.

Respectfully submitted,

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